

An organization formed to support research in anthropology by manufacturing quality cast reproductions of anthropological specimens which are sold to scholars and educational institutions in a noncommercial manner qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether a nonprofit organization organized and operated as described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed for educational and scientific purposes to support research in anthropology by manufacturing high quality cast reproductions of anthropological specimens. In furtherance of its purposes it manufactures and distributes anthropological reproductions that illustrate important developments in human evolution. These reproductions are manufactured under the direction of qualified scientific personnel. Emphasis is placed on quality control to assure accurate reproductions. The reproductions are sold to scholars and educational institutions in a noncommercial manner to recoup costs and expenses. Any operating deficits are defrayed by contributions.

Section 501(c)(3) of the Code provides for exemption from Federal income tax of organizations organized and operated exclusively for charitable, educational, or scientific purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term 'charitable' as used in section 501(c)(3) of the Code as including the advancement of education or science.

Revenue Ruling 66-147, C.B. 1966-1, 137, holds that under certain conditions the publication of abstracts of scientific and medical articles by an organization contributes to the advancement of education and science by providing an effective means for the increased dissemination and application of such knowledge.

Revenue Ruling 67-4, C.B. 1967-1, 121, holds that under certain circumstances the distribution of a journal containing abstracts of current technical literature is carried out in a manner distinguishable from ordinary commercial publishing practices and thus does not preclude exemption under section 501(c)(3) of the Code.

Examination of anthropological specimens is an important step in anthropological education and research. The manufacture and sale of accurate reproductions provide an effective means for making these important research and study aids generally available. Therefore, the distribution of reproductions in this case accomplishes the dissemination of important educational and scientific information in the same manner as the scientific

abstracts described in Revenue Ruling 66-147. Furthermore, under the facts in this case, the charging of fees for the reproductions does not preclude qualification under section 501(c)(3) of the Code because the manner in which the distribution is accomplished, like that in Revenue Ruling 67-4, is distinguishable from ordinary commercial practices.

Accordingly, it is held that the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Exemption Application, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.